

(Convenience translation into English from the original  
previously issued in Portuguese)

**SUGOI S.A.**

**Independent auditor's report**

**Individual and consolidated interim  
financial information  
As at March 31, 2021**

**SUGOI S.A.**

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the  
Shareholders and Management of  
**Sugoi S.A.**  
São Paulo - SP

### Introduction

We have reviewed the individual and consolidated interim financial information of **Sugoi S.A.** ("**Company**"), included in the Quarterly Information, for the quarter ended March 31, 2021, which comprises the statement of financial position as at March 31, 2021, and the respective statements of operations, comprehensive income (loss), changes in equity and cash flows for the three-month period then ended, as well as the corresponding notes.

The Company's Management is responsible for the preparation of the individual interim financial information in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statements and of the consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statements and with International Accounting Standard IAS 34 - Interim Financial Reporting, applicable to entities of real estate development in Brazil registered with the Brazilian Securities and Exchange Commission (CVM), as well as for the presentation of this information in accordance with the standards issued by CVM, applicable to the preparation of the Quarterly Information. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of the review

We conducted our review in accordance with Brazilian and international standards for reviewing interim information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). An interim review consists principally of applying analytical and other review procedures and making enquiries of and having discussions with persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

### Conclusion on the individual interim financial information

Based on our review, we are not aware of any fact that would lead us to believe that the individual interim financial information included in the Quarterly Information referred to above has not been prepared, in all material respects, in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statements, applicable to entities of real estate development in Brazil registered with CVM, as well as for the presentation of this information in accordance with the standards issued by CVM, applicable to the preparation of the Quarterly Information.

## **Conclusion on the consolidated interim financial information**

Based on our review, we are not aware of any fact that that would lead us to believe that the consolidated interim financial information included in the Quarterly Information referred to above has not been prepared, in all material respects, in accordance with Technical Pronouncement CPC 21 (R1) and IAS 34, applicable to entities of real estate development in Brazil, registered with CVM, as well as the presentation of this information in accordance with standards issued by CVM, applicable to the preparation of Quarterly Information.

## **Emphasis**

### **Revenue recognition**

As described in Note 2.1., the individual interim financial information included in the Quarterly Information has been prepared in accordance with Technical Pronouncement CPC 21 (R1) and the consolidated interim financial information included in the Quarterly Information has been prepared in accordance with Technical Pronouncement CPC 21 (R1) and IAS 34, applicable to entities of real estate development in Brazil, registered with CVM. Accordingly, the determination of the accounting policy adopted by the Company for the recognition of revenue in sale and purchase contracts of unfinished real estate units, related to aspects of the transfer of control, follows the understanding established by CVM in CVM/SNC/SEP Circular Letter No. 02/2018 on the adoption of NBC TG 47 (IFRS 15). Our conclusion is not qualified in respect of this matter.

## **Other matters**

### **Statements of value added**

The quarterly information referred to above includes the individual and consolidated statements of value added for the quarter ended March 31, 2021, prepared under the responsibility of the Company's Management and presented as supplementary information for the purposes of IAS 34, applicable to entities of real estate development in Brazil, registered with CVM. These statements were submitted to review procedures carried out along with the review of the quarterly information, aiming to conclude if they are in accordance with the interim financial information and accounting records, as applicable, and if its form and contents are in accordance with the criteria established in NBC TG 09 - Statement of Value Added.

Based on our review, we are not aware of any fact that would lead us to believe that these statements were not prepared, in all material respects, in accordance with the criteria established in this standard and consistently with the individual and consolidated interim financial information taken as whole.

### **Corresponding amounts**

The amounts corresponding to the individual and consolidated statements of operations, comprehensive income (loss) and cash flows for the quarter ended March 31, 2020, presented for comparison purposes, were previously reviewed by other independent auditors, whose report thereon, dated May 15, 2020, was unmodified.



The amounts corresponding to the individual and consolidated statements of value added referring to the quarter ended March 31, 2020, were submitted to the same review procedures by those independent auditors and, based on the review, those auditors issued a report stating they were not aware of any fact that would lead them to believe the statement of value added was not prepared, in all material aspects, consistently with the interim and consolidated information taken as a whole.

The accompanying financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, May 14, 2021.



**BDO RCS Auditores Independentes SS**  
**CRC 2 SP 013846/O-1**

A handwritten signature in black ink, appearing to read 'Julian Clemente'.

**Julian Clemente**  
**Accountant CRC 1 SP 197232/O-6**

**Sugoi S.A.**  
**Statements of financial position as at March 31, 2021**

(In thousands of Brazilian Reais)

**ASSETS**

Assets	Note	Parent company		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
<b>Current</b>					
Cash and cash equivalents	3	3,323	23,679	17,589	44,078
Accounts receivable	4	-	-	28,975	26,922
Properties for sale	5	8,047	3,782	102,375	98,994
Sundry receivables	6	1,958	1,845	5,386	6,892
Taxes and contributions to be offset		285	228	578	519
Prepaid expenses		398	456	8,453	7,468
		<b>14,011</b>	<b>29,990</b>	<b>163,356</b>	<b>184,873</b>
<b>Noncurrent</b>					
Accounts receivable	4	-	-	13,522	14,438
Properties for sale	5	-	4,127	174,401	168,197
Sundry receivables	6	-	-	4,142	4,142
Related-party transactions	9	52,497	46,700	14,025	10,551
Taxes and contributions to be offset		22	22	25	-
Prepaid expenses		-	-	-	427
		<b>52,519</b>	<b>50,849</b>	<b>206,115</b>	<b>197,755</b>
Investments	7	132,875	130,845	3,254	2,697
Fixed assets	8	978	1,071	1,683	1,719
		<b>186,372</b>	<b>182,765</b>	<b>211,052</b>	<b>202,171</b>
<b>Total assets</b>		<b>200,383</b>	<b>212,755</b>	<b>374,408</b>	<b>387,044</b>

The accompanying notes are an integral part of this financial information.

**Sugoi S.A.**  
**Statements of financial position as at March 31, 2021**

(In thousands of Brazilian Reais)

**LIABILITIES**

Liabilities	Note	Parent company		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
<b>Current</b>					
Loans and financing	11	4,289	9,248	14,824	17,573
Debentures	16	-	7,301	-	7,301
Real Estate Receivables Certificates	17	7,465	7,458	7,465	7,458
Trade accounts payable	12	1,148	191	19,771	16,629
Labor and tax liabilities	13	831	869	3,172	4,670
Accounts payable	14	2,393	4,033	2,697	4,530
Advances from customers and others	15	6,477	6,477	76,331	67,209
Related-party transactions	9	93,718	87,492	358	794
		<b>116,321</b>	<b>123,069</b>	<b>124,618</b>	<b>126,164</b>
<b>Noncurrent</b>					
Loans and financing	11	9,325	9,325	19,662	19,662
Intercompany account with Silent Partnerships (SCPs)	10	1,405	1,405	1,405	1,405
Real Estate Receivables Certificates	17	26,778	26,778	26,778	26,778
Labor and tax liabilities	13	-	-	2,150	1,247
Accounts payable	14	-	-	500	500
Advances from customers and others	15	-	-	142,765	152,353
Provisions	18	-	-	3,493	4,370
Provisions for losses on investments	7	4,094	7,492	3,423	3,423
		<b>41,602</b>	<b>45,000</b>	<b>200,176</b>	<b>209,738</b>
<b>Total liabilities</b>		<b>157,923</b>	<b>168,069</b>	<b>324,794</b>	<b>335,902</b>
<b>Equity</b>					
Capital stock	18	1,000	1,000	1,000	1,000
Statutory reserve		200	200	200	200
Income reserve		40,835	43,438	40,835	43,438
Cumulative translation adjustment		425	48	425	48
		<b>42,460</b>	<b>44,686</b>	<b>42,460</b>	<b>44,686</b>
Noncontrolling interest		-	-	7,153	6,456
<b>Total equity</b>		<b>42,460</b>	<b>44,686</b>	<b>49,613</b>	<b>51,142</b>
<b>Total liabilities and equity</b>		<b>200,383</b>	<b>212,755</b>	<b>374,408</b>	<b>387,044</b>

The accompanying notes are an integral part of this financial information.

**Sugoi S.A.**  
**Statements of operations for the years ended March 31**  
(In thousands of Brazilian Reais)

	Notes	Parent company		Consolidated	
		03/31/2021	03/31/2020	03/31/2021	03/31/2020
Revenues from properties	-	-	-	47,416	35,490
Taxes levied	-	-	-	(1,968)	(1,353)
<b>Continuing operations</b>					
Net revenues	20	-	-	45,448	34,137
Costs of sales	20	-	-	(31,682)	(20,593)
<b>Gross profit</b>	20	-	-	<b>13,766</b>	<b>13,544</b>
Operating revenues (expenses)					
General and administrative expenses	21	(4,129)	(2,543)	(5,730)	(3,410)
Selling expenses	21	(1,449)	(45)	(6,403)	(1,983)
Other operating revenues (expenses), net		-	-	1,345	(373)
Equity in earnings (losses) of controlled companies	7	5,131	9,733	(951)	26
		<b>(447)</b>	<b>7,145</b>	<b>(11,737)</b>	<b>(5,740)</b>
<b>Income (loss) before financial income (loss)</b>		<b>(447)</b>	<b>7,145</b>	<b>2,029</b>	<b>7,804</b>
Financial expenses		(1,750)	(1,172)	(2,720)	(1,385)
Financial revenues		20	38	43	110
<b>Net financial income (loss)</b>	22	<b>(1,730)</b>	<b>(1,134)</b>	<b>(2,677)</b>	<b>(1,275)</b>
<b>Income (loss) before Income and Social Contribution taxes</b>		<b>(2,178)</b>	<b>6,011</b>	<b>(648)</b>	<b>6,529</b>
Current Income and Social Contribution taxes	-	-	-	(1,202)	-
Deferred Income and Social Contribution taxes	-	-	-	-	-
<b>Net income (loss) for the period</b>		<b>(2,178)</b>	<b>6,011</b>	<b>(1,850)</b>	<b>6,529</b>
Attributable to					
Controlling shareholders of the Company				(2,178)	6,011
Noncontrolling interest				328	518
<b>Basic and diluted earnings (losses) per share</b>	18 c	<b>(2,178)</b>	<b>6,011</b>		

The accompanying notes are an integral part of this financial information.



**Sugoi S.A.**  
**Statements of comprehensive income (loss) for the years ended March 31**  
(In thousands of Brazilian Reais)

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>03/31/2021</b>	<b>03/31/2020</b>	<b>03/31/2021</b>	<b>03/31/2020</b>
Net income (loss) for the period	(2,178)	6,011	(1,850)	6,529
Translation adjustment in controlled companies	425	48	425	48
(=) Comprehensive income (loss) for the period	<b>(1,753)</b>	<b>6,059</b>	<b>(1,425)</b>	<b>6,577</b>
Attributable to				
Controlling shareholders of the Company			(1,753)	6,059
Noncontrolling interest			328	518
	-	-	<b>(1,425)</b>	<b>6,577</b>

**The accompanying notes are an integral part of this financial information.**

**Sugoi S.A.**  
**Statements of changes in equity**

(In thousands of Brazilian Reais)

	<u>Attributable to controlling shareholders of the Company</u>						
	Paid-in capital stock	Statutory reserve	Income reserves	Cumulative translation adjustment	Total	Noncontrolling interest	Consolidated equity
<b>Balance as at January 01, 2020</b>	1,000	200	43,053	90	44,343	4,639	48,982
Translation adjustment in controlled company	-	-	-	95	95	-	95
Net income for the year	-	-	6,011	-	6,011	518	6,529
<b>Balance as at March 31, 2020</b>	<b>1,000</b>	<b>200</b>	<b>49,064</b>	<b>185</b>	<b>50,449</b>	<b>5,157</b>	<b>55,606</b>
<b>Balance as at January 01, 2021</b>	1,000	200	43,438	48	44,686	6,456	51,142
Profit distribution	-	-	-	-	-	(55)	(55)
Translation adjustment in controlled company	-	-	(425)	377	(48)	425	377
Net income for the period	-	-	(2,178)	-	(2,178)	328	(1,850)
<b>Balance as at March 31, 2021</b>	<b>1,000</b>	<b>200</b>	<b>40,835</b>	<b>425</b>	<b>42,460</b>	<b>7,153</b>	<b>49,613</b>

The accompanying notes are an integral part of this financial information.

**Sugoi S.A.**  
**Statements of cash flows for the years ended March 31**  
(In thousands of Brazilian Reals)

	Parent company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
<b>From operating activities</b>				
Net income (loss) for the period	(2,178)	6,011	(1,850)	6,529
<b>Adjustments to reconcile income (loss) to cash and cash equivalents from operating activities</b>				
Depreciation and amortization	(101)	109	(103)	110
Provision for construction warranty and contingencies	-	-	(877)	574
Discount to present value	-	-	(518)	-
Asset and liability translation adjustment	-	-	377	-
Equity in earnings (losses) of controlled companies	(5,131)	(9,733)	951	(26)
	<b>(7,410)</b>	<b>(3,613)</b>	<b>(2,020)</b>	<b>7,187</b>
<b>Changes in assets and liabilities</b>				
<b>(Increase)/decrease in asset accounts</b>				
Accounts receivable	-	-	(1,137)	(4,144)
Properties for sale	(138)	-	(9,585)	(8,343)
Taxes and contributions to be offset	(57)	-	(84)	(22)
Sundry receivables	(113)	(2)	1,506	(1,326)
Intercompany accounts with partners in ventures	-	-	-	-
Unrecognized selling expenses	58	-	(558)	127
<b>Increase/(decrease) in liability accounts</b>				
Labor and tax liabilities	(38)	53	595	429
Trade accounts payable	957	50	3,142	4,744
Accounts payable	(1,640)	3,290	(1,833)	3,343
Advances from customers	(0)	-	(466)	(3,341)
	<b>(8,381)</b>	<b>(222)</b>	<b>(10,440)</b>	<b>(1,346)</b>
Paid Income and Social Contribution taxes	-	-	(1,202)	-
<b>Net cash from operating activities</b>	<b>(8,381)</b>	<b>(222)</b>	<b>(11,642)</b>	<b>(1,346)</b>
<b>From investing activities</b>				
(Increase)/decrease in capital of controlled companies, net	(297)	-	(1,507)	-
Decrease in goodwill (Note 14)	-	(148)	-	-
Translation adjustment of statement of financial position in controlled company	-	-	-	95
In fixed assets	194	(116)	139	(162)
In intangible assets	(0)	103	(0)	103
<b>Net cash from investing activities</b>	<b>(103)</b>	<b>(161)</b>	<b>(1,369)</b>	<b>36</b>
<b>From financing activities</b>				
Raising of loans, financing and others	15,297	609	25,051	4,316
Payment of loans, financing and others	(27,549)	(4,273)	(35,093)	(10,048)
Related-party transactions	380	4,068	(3,437)	(2)
<b>Net cash from financing activities</b>	<b>(11,872)</b>	<b>404</b>	<b>(13,479)</b>	<b>(5,734)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(20,356)</b>	<b>21</b>	<b>(26,489)</b>	<b>(7,044)</b>
<b>Cash and cash equivalents</b>				
Cash and cash equivalents balance at beginning of year	23,679	4,399	44,078	23,464
Cash and cash equivalents balance at end of year	3,323	4,420	17,589	16,420
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(20,356)</b>	<b>21</b>	<b>(26,489)</b>	<b>(7,044)</b>

The accompanying notes are an integral part of this financial information.

**Sugoi S.A.**  
**Statements of value added for the years ended March 31**  
(In thousands of Brazilian Reais)

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>03/31/2021</b>	<b>03/31/2020</b>	<b>03/31/2021</b>	<b>03/31/2020</b>
<b>Revenues</b>				
Sales and services	-	-	47,416	35,490
Other revenues	-	-	1,345	(373)
	<b>-</b>	<b>-</b>	<b>48,761</b>	<b>35,117</b>
<b>Inputs acquired from third parties</b>				
Cost of goods, merchandise and services sold	-	-	(31,682)	(20,593)
Materials, energy, third-party and other operating services	(1,950)	(1,473)	(2,145)	(3,317)
Others	-	-	-	-
	<b>(1,950)</b>	<b>(1,473)</b>	<b>(33,827)</b>	<b>(23,910)</b>
<b>Gross value added</b>	<b>(1,950)</b>	<b>(1,473)</b>	<b>14,934</b>	<b>11,207</b>
Depreciation, amortization and depletion, net	101	(109)	103	(110)
<b>Net value added generated by the Company</b>	<b>(1,849)</b>	<b>(1,582)</b>	<b>15,037</b>	<b>11,097</b>
<b>Value added received in transfer</b>				
Equity in earnings (losses) of controlled companies	5,131	9,733	(951)	26
Financial revenues	20	38	43	110
	<b>5,151</b>	<b>9,771</b>	<b>(907)</b>	<b>136</b>
<b>Total value added to be distributed</b>	<b>3,301</b>	<b>8,189</b>	<b>14,130</b>	<b>11,233</b>
<b>Value added distribution</b>				
Personnel				
Payroll and charges	3,458	922	3,500	927
Commissions on sales	-	-	6,295	809
Management fees	44	15	44	15
Taxes, fees and contributions				
Federal	-	-	3,170	1,353
Return on debt capital				
Interest	1,750	1,172	2,720	1,385
Rents	227	69	251	215
Return on equity capital				
Net income (loss) for the period	(2,178)	6,011	(2,178)	6,011
Noncontrolling interest in retained earnings	-	-	328	518
	<b>3,301</b>	<b>8,189</b>	<b>14,130</b>	<b>11,233</b>

**The accompanying notes are an integral part of this financial information.**

# **SUGOI S.A.**

## **Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated**

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### **1 Operations**

Sugoi S.A. and its controlled companies ("Company") are primarily engaged in the management of the Company's assets, the development, construction and sale of real estate, and in holding interest in other companies, as shareholder. The development of real estate projects and the construction of real estate are carried out directly by the Company, its controlled companies or other partners. The interest of partners occurs directly in the project by means of interest held in Silent Partnerships (SCP) or Special-Purpose Entities (SPE), created for development of projects, as well as by means of strategic partnerships involving barter of land for the development of the real estate activity.

The Company, established on April 04, 2011, is a publicly-held company, with headquarters at Avenida Chedid Jafet, nº 222, Bloco C, 5º andar, Conjunto 52, in the City of São Paulo, State of São Paulo, enrolled under CNPJ/MF (Corporate Tax ID) No. 13.584.310/0001-42, which has as main focus the segment of first homes with management and administration of residential properties of middle-class economic standard, aiming at offering products with excellent quality and the best cost-benefit in the market, intelligent projects that bet on security, comfort, innovation, and affordable prices.

The Company's Management has over 40 years of experience in the real estate market and a network in various Brazilian capitals that allow easily surveying and obtaining distinguished business opportunities in the market. The Company's corporate governance is intended to be transparent in its relations with the market, customers and investors, conducting inspections in each stage of the project and monitoring the physical and financial processes of the construction.

Currently, the Company is present in the cities of São Paulo, Guarulhos, Itapetininga, Francisco Morato, Campinas, Paulínia, Salto, São José do Rio Preto, Mauá, Franco da Rocha, Caçapava, Sumaré, Santo André, Mirassol and Rio Branco, in the states of São Paulo and Acre, with approximately 24,000 units under development, execution and concluded.

Since 2013, the Company has been assessed by the risk area of Caixa Economica Federal - (GERIC), which currently covers the production of all its pipeline of projects.

The Company has important certifications, such as PBQPH level A (Brazilian Housing Quality and Productivity Program) and ISO 9001, which further qualifies it in the entire cycle of the construction execution process and attests to the effectiveness of its processes, contributing to better cost management and control.

On July 19, 2016, the Company was registered with Brazilian Securities and Exchange Commission (CVM) in Category A, with private ownership control. This process is very important for the Company and reinforces the commitment to good practices and corporate governance adopted by Management.

### **2 Summary of main accounting policies**

The main accounting policies applied in the preparation of this individual and consolidated interim financial information are presented below. These policies were consistently applied in accordance with the previous year, unless otherwise stated.

#### **2.1 Statement of compliance**

The individual and consolidated interim financial information was prepared in accordance with Brazilian accounting practices and with the International Financial Reporting Standards (IFRS), applicable to entities of real estate development in Brazil, registered with CVM.

## **SUGOI S.A.**

### **Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated**

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The aspects related to the transfer of control in the sale of real estate units follow the understanding of the Company's Management, aligned with that of the CVM in CVM/SNC/SEP Circular Letter No. 02/18 on the adoption of NBC TG 47 (IFRS 15).

The individual and consolidated interim financial information was approved by the Company's Management on May 14, 2021.

#### **2.2 Basis of preparation**

The individual quarterly information was prepared in accordance with standard NBC TG 21 (R4) - Interim Statement and the consolidated quarterly information was prepared in accordance with standard NBC TG 21 (R4) - Interim Statement and international standard IAS 34 – Interim Financial Reporting, applicable to real estate development entities registered with CVM and presented in accordance with the standards issued by CVM.

The individual and consolidated interim financial information was prepared considering historical cost as base value and certain financial assets measured at fair value. The Company operates in Brazil, and the Brazilian Real is its functional and presentation currency.

The individual and consolidated quarterly information was prepared in the normal course of operations assuming the Company will continue as a going concern. Management evaluates the Company's ability to continue as a going concern in the preparation of the individual and consolidated quarterly information.

The individual and consolidated quarterly information is presented in thousands of Brazilian Reais (R\$) and the amounts are rounded to the next unit, unless otherwise stated.

The preparation of individual and consolidated quarterly information requires the use of certain critical accounting estimates and assumptions by the Company's Management in the implementation of its accounting policies. Among other purposes, the estimates are used to determine the useful lives of assets and equipment, the necessary provisions for contingent liabilities, adjustments of allowance for doubtful accounts, budgeted costs for ventures, taxes and other similar charges. Accordingly, actual results may differ from those estimates.

Transaction settlement involving those estimates may result in amounts significantly different from those recorded in the individual and consolidated quarterly information, due to the inherent inaccuracy of the estimates. The Company reviews its estimates and assumptions periodically, in not more than a year.

The areas which require a greater level of judgment by the Company's Management in the process of applying the accounting policies and which have greater complexity, as well as the areas in which assumptions and estimates are significant for the preparation of the individual and consolidated quarterly information, are continually evaluated and based on historical experience and other factors, including expectations of future events, considered reasonable in the circumstances.

#### **2.2.1 Individual quarterly information**

In the individual quarterly information, the controlled and jointly-controlled companies are accounted for under the equity method. The same adjustments are made both in the individual quarterly information and in the consolidated quarterly information to achieve the same income (loss) and equity attributable to the parent company's shareholders.

For the purpose of the equity method, the quarterly information of the controlled and jointly-controlled companies is prepared for the same disclosure period and, where required, adjusted so that the accounting policies are in accordance with those adopted by the Company.

## SUGOI S.A.

### Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated

Ownership interest in income (loss) of the controlled and jointly-controlled companies is stated in income (loss) of the parent company as equity in earnings (losses) of the controlled company, representing net income of the investees attributable to controlling shareholders.

After applying the equity method, the Company determines whether it is necessary to recognize additional impairment for the investments in its controlled and jointly-controlled companies. The Company determines, at balance sheet date, whether there is objective evidence of impairment on the investments in controlled and jointly-controlled companies. If so, the Company calculates impairment loss as the difference between the recoverable value of the controlled and jointly-controlled companies and its book value, and also recognizes the amount in the parent company's statement of operations.

#### 2.2.2 Consolidation

The following accounting practices are applied in the preparation of the consolidated quarterly information:

##### (a) Controlled companies

Controlled companies are all entities (including SPEs) over which the Company has control. The Company controls an entity when it is exposed to or is entitled to variable returns from its involvement with said entity and has the capacity to interfere in these returns because of the power it exercises over it. The controlled companies are fully consolidated as from the date when the control is transferred to the Company. The consolidation is interrupted as from the date the Company no longer has such control.

Direct controlled and jointly-controlled companies	Percentage of ownership interest	
	03/31/2021	12/31/2020
Vista Cantareira Empreendimentos Imobiliários Ltda.	95%	95%
Condomínio Varandas Jardim do Lago Ltda.	95%	95%
Residencial Monte Serrat SPE Ltda.	95%	95%
Haifa Investimentos e Participações Ltda.	100%	100%
Residencial São Mateus SPE Ltda.	95%	95%
Residencial Colina Francisco Morato SPE Ltda	95%	95%
Residencial Bom Retiro SPE Ltda	95%	95%
Residencial Jacú-Pessego II SPE Ltda	95%	95%
Residencial Colina Guarapiranga SPE Ltda	95%	95%
Residencial Paulínia I SPE Ltda	95%	95%
Residencial Parque do Carmo SPE Ltda.	95%	95%
Residencial Idemori SPE Ltda	95%	95%
Sugoi Projeto SPE Ltda	95%	95%
Residencial Sports Gardens da Amazônia Ltda.	95%	95%
Sugoi N Empreendimentos Imobiliários Ltda	50%	50%
Residencial Portal do Belo Horizonte SPE Ltda	95%	95%
Residencial Barcelona SPE Ltda.	95%	95%
Condomínio Varandas Jardim do Lago II SPE Ltda.	95%	95%
Residencial Isabel Ferrari SPE Ltda.	95%	95%
Residencial São Jose SPE Ltda.	95%	95%
Residencial Jacú-Pessego I SPE Ltda.	95%	95%
Sugoi Residencial I SPE Ltda.	95%	95%
Sugoi Residencial II SPE Ltda.	95%	95%
Sugoi Residencial III SPE Ltda.	95%	95%
Residencial Via Verde SPE Ltda	95%	95%
Sugoi Residencial IV SPE Ltda.	95%	95%
Sugoi Residencial V SPE Ltda.	95%	95%
Sugoi Residencial VI SPE Ltda.	95%	95%
Sugoi Residencial VII SPE Ltda	95%	95%
Sugoi Residencial VIII SPE Ltda	95%	95%
Sugoi Residencial IX SPE Ltda	95%	95%
Sugoi Development USA, LLC	100%	100%
Sugoi Residencial X SPE Ltda.	95%	95%
Sugoi Residencial XI SPE Ltda.	95%	95%
Sugoi Residencial XII SPE Ltda.	95%	95%
Sugoi Residencial XIII SPE Ltda.	95%	95%
Sugoi Residencial XIV SPE Ltda.	95%	95%

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### Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated

Direct controlled and jointly-controlled companies	Percentage of ownership interest	
	03/31/2021	12/31/2020
Sugoi Residencial XV SPE Ltda.	95%	95%
Sugoi Residencial XVI SPE Ltda.	95%	95%
Sugoi Residencial XVII SPE Ltda.	95%	95%
Sugoi Residencial XVIII SPE Ltda.	95%	95%
Sugoi Residencial XIX SPE Ltda.	95%	95%
Sugoi Residencial XX SPE Ltda.	95%	95%
Sugoi Residencial XXI Ltda.	95%	95%
Sugoi Residencial XXII SPE Ltda.	95%	95%
Sugoi Residencial XXIII SPE Ltda.	95%	95%
Sugoi Residencial XXIV SPE Ltda.	95%	95%
Sugoi Residencial XXV SPE Ltda (i)	0%	95%
HTG Infraestrutura e Participações Ltda	33.33%	33.33%

- (i) During 2020, ownership interest in this controlled company was sold.

#### (b) Transactions with noncontrolling interest

The Company considers transactions with noncontrolling interest as transactions with owners of assets of the Group. For purchases of noncontrolling interest, the difference between any consideration paid and the acquired portion of the book value of the controlled company's net assets is recorded in equity. Gains or losses on disposals of noncontrolling interest are also directly recorded in equity, under "Accumulated losses".

When the Company no longer has control over the entity, any interest held in the entity is measured at fair value and the change in book value is recognized in the statement of operations. Fair value is the initial book value for the subsequent accounting of the interest held in a SPE or in a financial asset.

Minority interest is stated in equity.

#### (c) Jointly-controlled ventures

Investments in SPEs are accounted for under the equity method and are initially recognized at cost value.

Unrealized gains from SPEs are eliminated to the extent of the Company's interest. Unrealized losses are also eliminated, unless the transaction shows evidence of impairment of the transferred asset. The accounting policies of the joint controlled companies are changed, when necessary, to guarantee consistency with the Company's accounting policies.

### 2.3 Cash and cash equivalents

Cash and cash equivalents are stated at cost and include cash and bank deposits, which are readily convertible into a known amount of cash and subject to an insignificant risk of change in value.

### 2.4 Discount to present value

Monetary assets and liabilities are adjusted to present value based on the effective interest method when arising from short-term transactions, if material, and from long-term transactions, not bearing interest or when subject to: (i) fixed interest rates; (ii) interest rates that are clearly below market rates for similar transactions; and (iii) inflation adjustments only, not subject to interest. The Company periodically evaluates the effect of discount to present value on the quarterly information.



## **SUGOI S.A.**

### **Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated**

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#### **2.5 Financial instruments**

##### **Classification and measurement of financial assets and liabilities**

According to NBC TG 48, at initial recognition, a financial asset is classified as follows: at amortized cost; at fair value through other comprehensive income (loss) ("VJORA") - debt instrument; at VJORA - equity instrument; and at fair value through income (loss) ("VJR"). The classification of financial assets is mostly based on the business model in which a financial asset is managed and on its characteristics of contractual cash flows. The new significant accounting policies are described below:

Financial assets at amortized cost – These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest revenues, exchange rate gains and losses are recognized in income (loss). Any gains or losses upon derecognition are recognized in income (loss).

A financial asset is measured at amortized cost if it meets both of the following conditions and when not designated as measured at VJR:

- It is held within a business model, whose purpose is to maintain financial assets in order to receive contractual cash flows; and
- Its contractual terms generate, on specific dates, cash flows related to the payment of principal and interest on the outstanding principal amount.

A debt instrument is measured at VJORA if it meets both of the following conditions and is not designated as measured at VJR:

- It is held in a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and
- Its contractual terms generate, on specific dates, cash flows solely related to the payment of principal and interest on the outstanding principal amount.

The Company's financial assets are mainly represented by cash and cash equivalents (Note 3), classified at fair value through income (loss), accounts receivable (Note 4), sundry receivables (Note 6) and related-party transactions (Note 9), classified as subsequently measured at amortized cost.

The financial liabilities were classified as measured at amortized cost or at VJR. A financial liability is classified as measured at fair value through profit (loss) if classified as held for trading, derivative or designated as such upon initial recognition. Financial liabilities measured at VJR are measured at fair value and net income, including interest, is recognized in income (loss). Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses, exchange rate gains and losses are recognized in income (loss). Any gains or losses upon derecognition are also recognized in income (loss).

The Company's financial liabilities are substantially represented by related-party transactions (Note 9), loans and financing (Note 11), trade accounts payable (Note 12), accounts payable (Note 14) and debentures (Note 16), Real Estate Receivables Certificates – CRI (Note 17), which are classified as subsequently measured at amortized cost.

## **SUGOI S.A.**

### **Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated**

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#### **Impairment**

Expected credit losses are estimates weighted by the likelihood of credit losses based on historical credit loss experience and projections of related assumptions. Credit losses are measured at present value based on all cash deficiencies (i.e., the difference between cash flows due to the Company according to the contract and cash flows the Company expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

#### **2.6 Accounts receivable**

Units are usually sold during the launch and construction phases of the ventures. Accounts receivable are recognized based on the Percentage of Completion (POC) of the construction applied to revenues from units sold and adjusted according to the provisions of sales contracts, thus determining the amount of accumulated revenues to be recognized, which is then deducted from the installments received.

Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

If the accumulated amount of revenue recognized, less received installments, is lower than the expected amount receivable from the total receivables portfolio in a year or less, the revenue recognized is classified under current assets. If not, the exceeding portion is presented as noncurrent assets.

#### **2.7 Properties for sale**

The amount recorded in the inventory corresponds to the incurred cost in the current construction phase of real estate units not yet sold, which is lower than the net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated expenses to make the sale.

The cost comprises land, materials, workforce (from third parties) and other costs related to the construction.

The practice adopted for the segregation between current and noncurrent in the account property for sale takes in consideration the expected projects launch. The projects expected to be launched in less than one year are considered in current and the remaining in noncurrent. Such projections are periodically reviewed by the Company's Management.

#### **2.8 Fixed assets**

These are valued at acquisition cost, combined with the deduction of its depreciation, which was calculated using the straight-line method, at the rates mentioned in Note 8.

#### **2.9 Impairment of nonfinancial assets**

The Company evaluates, at least annually, its fixed assets for any indication of impairment. No indication was found that these assets may be impaired; therefore, it was not necessary to recognize impairment losses.

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### **Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated**

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#### **2.10 Trade accounts payable**

Trade accounts payable are obligations payable for assets or services acquired from suppliers in the ordinary course of business. These obligations are classified as current liabilities if their payments are due in less than one year; if not, they are presented as noncurrent liabilities.

Accounts payable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. In fact, they are normally recognized at the corresponding billed amount.

#### **2.11 Provisions**

Provisions are recognized when: (i) the Company has a present or constructive obligation as a result of past events, (ii) it is probable that an outflow of funds is required to settle the obligation, and (iii) the amount can be reliably estimated.

The estimates and assumptions involved in the determination of the amounts provisioned to cover future disbursements during the warranty period of units present a significant risk of material adjustment to subsequent periods. Accordingly, accounting estimates and assumptions are continuously evaluated and based on historic experience and other factors, including expectations of future events considered reasonable for the circumstances.

#### **2.12 Current and deferred Income and Social Contribution taxes**

Income and social contribution tax expenses in the year include current and deferred taxes. Income taxes are recognized in the statement of operations.

Current Income and Social Contribution tax charges are calculated according to enacted tax laws at balance sheet date. Management periodically assesses the positions assumed by the Company in income tax returns in relation to the situations in which the applicable tax laws permit interpretations. They establish provisions, where appropriate, based on the estimated values of payment to tax authorities.

As permitted by tax legislation, the Company has opted for the deemed profit regime, whereby Income Tax is calculated at the rate of 8% and Social Contribution Tax is calculated at the rate of 12% on gross revenues (32% when revenue derives from the rendering of services and 100% on financial revenues), on which the regular tax rates of 15% plus a 10% surtax for Income Tax and 9% for Social Contribution Tax are applied. In projects under construction, the company adopts the special tax regime (RET), in which the tax burden is 4% considering federal taxes (Taxes on Sales – PIS/COFINS) (Income and Social Contribution taxes – IRPJ and CSLL).

Deferred Income and Social Contribution Taxes are recognized on temporary differences arising from real estate revenues taxed on a cash basis and the amount recognized on the accrual basis (Note 2.13).

#### **2.13 Recognition of revenues, costs and expenses**

##### **(a) Revenue recognition process**

In the process of recognizing revenue from contracts with customers, the precepts introduced by NBC TG 47 were adopted as from January 01, 2018, also including the guidelines contained in CVM/SNC/SEP Circular Letter No. 02/2018, of December 12, 2018, which establishes accounting procedures related to the recognition, measurement and disclosure of certain types of transactions arising from purchase and sale agreements of unfinished real estate units for Brazilian listed companies of the segment of real estate development.

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### Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated

According to NBC TG 47, the recognition of revenue from contracts with customers has new regulatory procedures, based on the transfer of the control of the asset or service promised, whether *at a point in time* or *over time*, as per the fulfillment, or not, of contractual performance obligations. Revenue is measured at the amount that reflects the consideration to which the company expects to be entitled, and is based on a five-step model, as follows: 1) identification of the contract; 2) identification of the performance obligations; 3) determination of the transaction price; 4) allocation of the transaction price to the performance obligations; 5) recognition of revenue.

The Company's business model is mainly based on real estate purchase and sale contracts with "off-plan financing". In this model, generally aimed at the low-income population, the client signs an "off-plan property purchase and sale contract" with the real estate developer, already establishing payment conditions, as follows: (i) Direct payments to the developer; (ii) Bank financing; (iii) Funds from the Severance Pay Fund (FGTS); and (iv) Possible subsidies from government housing programs.

The amounts paid directly to the real estate developer (item (i) above) represent approximately 10% to 15% of the property value, with the remaining value arising from bank financing, FGTS funds and possible subsidies (items from (ii) to (iv) above). After that, the client enters into a bank financing agreement ("private agreement, with characteristics of deed") with a financial institution, including the values of the bank financing, FGTS funds and possible subsidies of government housing programs. The release of these funds will depend on the progress of the construction work, according to the percentage set forth in the Venture Progress Report, and to the physical-finance schedule approved by the financial institution. This monitoring, for the purpose of release of the financing installments, is carried out by the engineering department of the financial institution. Upon the signature of the bank financing agreement, the ownership of the property is transferred to the client, pledged to the respective financial institution.

Below is a summary of the contracts entered into in the "off-plan financing" type, parties involved, guarantees and existing risks:

<u>Agreement</u>	<u>Parties</u>	<u>Real estate guarantee</u>	<u>Credit risk</u>	<u>Market risk</u>	<u>Cancellation risk</u>
Bank financing	Developer (Sellers); Buyer and Financial Institution (Fiduciary Creditor)	Financial institution (FI)	10% to 15% of the Developer and 85% - 90% of the FI	Buyer and FI	Not applicable. In the event of default by the customer, the FI may consolidate the real estate unit on the customer's behalf for subsequent sale of the property to third parties, in accordance with the procedures set forth in article 27 of Law No. 9.514/97. The amount collected will have as main objective the settlement of the customer's debt balance to the FI.

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### **Notes to the quarterly information**

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#### **(b) Result of operations of development and sale of real estate**

The procedures below are followed for sales of noncompleted units:

- Sales revenues are recognized in income (loss) when there is continuous transfer of control to a financial institution or customer, using the PoC of each project, this percentage being measured at the cost incurred in relation to the total budgeted cost of the respective projects. In the event that, during the period of the customer's approval with the FI, there are indications that the customer's contractual part will not be complied with, a provision for cancellation of the contract in its full amount is established.
- The amounts of sales revenues recognized in excess of the amounts actually received from customers are recorded in current assets or long-term assets under the caption "Accounts receivable". The amounts received related to sale of units in excess of the amounts recognized as revenues are recorded in "Advances from customers";
- Monetary variation in the balance of accounts receivable until the delivery of the keys, as well as the discount to present value of the balance of accounts receivable, are recognized as income (loss) from properties sold when they are incurred, according to the accrual year on a pro rata basis;
- Costs incurred (including the cost of land and other expenses directly related to the purchase of inventory) by the units sold are fully recognized in income (loss). For real estate units not yet sold, the cost incurred is allocated to inventory (Note 2.7);
- Finance charges of accounts payable due to the acquisition of plots of land and those directly associated with the financing of the construction are capitalized and recorded in inventories of properties for sale and recognized at costs incurred by units under construction until their conclusion, using the same recognition criteria for costs of real estate development proportional to units under construction sold;
- Deferred taxes levied on the differences between revenues earned from real estate development and accumulated revenue submitted to taxation are calculated and reflected in accounting upon recognition of this difference in revenue;
- Other expenses, including advertising and publicity, are appropriated to income (loss) when incurred.

#### **2.14 Basic and diluted earnings per share**

Basic and diluted earnings (losses) per share are calculated through income (loss) attributable to the shareholders of the Company and the weighted average of the outstanding shares in the respective year, taking into consideration, when applicable, the splitting process of the year or subsequent events to the preparation of the interim financial information.

#### **2.15 New pronouncements issued**

The International Accounting Standards Board (IASB) issued/revised some IFRS standards to be adopted in 2020 or after, which have not yet been properly amended in Brazilian accounting standards and respective pronouncements. The Company presents below its evaluation of the impacts of the adoption of these standards on its quarterly information:

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- Amendment to IAS 16 Fixed Assets - Classification of Proceeds before Intended Use. It elucidates aspects to be considered for the classification of items produced before fixed assets are in the conditions of intended use. This amendment is effective for years beginning on or after 01/01/2022;
- Annual improvements to IFRS 2018-2020, effective for periods beginning on or after 01/01/2022. It amends IFRS 1, addressing aspects of first adoption in a controlled company; IFRS 9, addressing the 10% criterion for reversing financial liabilities; IFRS 16, addressing illustrative examples of leases; and IAS 41, addressing aspects of measurement at fair value. These amendments are effective for years beginning on or after 01/01/2022;
- Amendment to IFRS 3 – It includes conceptual alignments of this standard with the conceptual framework of IFRS standards. This amendment is effective for periods beginning on or after 01/01/2022;
- Amendment to IFRS 17 – It includes elucidation of aspects related to insurance contracts. The amendment to IFRS 17 is effective for periods beginning on or after 01/01/2023;
- Amendment to IAS 1 – Classification of Liabilities as Current or Noncurrent. This amendment elucidates aspects to be considered for the classification of liabilities as current or noncurrent. It is effective for periods beginning on or after 01/01/2023;
- Amendment to IFRS 4 - Extension of Temporary Exemptions from Applying IFRS 9 for insurance companies. It elucidates aspects related to insurance contracts and the temporary exemption from applying IFRS 9 to insurance companies. This amendment is effective for periods beginning on or after 01/01/2023; and
- Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Interest Rate Benchmark Reform - IBOR “Phase 2”) - These amendments are mandatory for periods beginning as from January 01, 2021, and clarify aspects related to the definition of the interest rate benchmark for applying these standards.

### 3 Cash and cash equivalents

Description	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Cash and bank current accounts	1,009	4,303	15,272	24,607
Bank Certificates of Deposit (CDBs)	2,314	19,376	2,317	19,471
	3,323	23,679	17,589	44,078

CDBs are automatic investments made by financial institutions with immediate liquidity, bearing average interest of 98% of the Interbank Deposit Rate (CDI).

As established by the accounting standards in effect, the Company's Management presents the sensitivity analysis of material balances, considering:

- Probable scenario of interest rate variation estimated by Management:
  - Estimated interest rate: 4% per year.
- Possible scenario of interest rate variation, with deterioration of twenty-five percent (25%), in the risk variable considered as probable:
  - Estimated interest rate: Decrease to 3% per year.



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For the purpose of calculation of the discount to present value, the rate of 3.10% was considered for 2021 and 2020.

#### 5 Properties for sale

Description	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Land for development (i)	8,047	7,909	252,550	220,237
Properties under construction	-	-	23,491	44,624
Capitalized interest	-	-	-	1,525
Finished properties	-	-	735	805
	<u>8,047</u>	<u>7,909</u>	<u>276,776</u>	<u>267,191</u>
Current	<u>8,047</u>	<u>3,782</u>	<u>102,375</u>	<u>98,994</u>
Noncurrent	<u>-</u>	<u>4,127</u>	<u>174,401</u>	<u>168,197</u>

(i) The inventory balances in current assets refer to land for development whose expected time for the launching of the real estate units is less than one year, which is periodically reviewed by Management.

	March 31, 2021	December 31, 2020
Total cost incurred	<u>369,949</u>	<u>341,631</u>
Costs allocated from units sold	<u>(345,723)</u>	<u>(296,202)</u>
Cost of real estate units for sale	<u>24,226</u>	<u>45,429</u>

#### 6 Sundry receivables

Description	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Advances to suppliers	1,068	939	4,487	5,984
Brasinco Incorporações Ltda. (i)	831	830	831	830
William Gadelha (ii)	-	-	4,142	4,143
Brasinco Incorporações Ltda. (iii)	6,239	5,498	6,239	5,499
Others	890	906	899	906
Allowance for doubtful accounts	(7,070)	(6,328)	(7,070)	(6,328)
<b>Total</b>	<u><b>1,958</b></u>	<u><b>1,845</b></u>	<u><b>9,528</b></u>	<u><b>11,034</b></u>



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Description	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Current	1,958	1,845	5,386	6,892
Noncurrent	-	-	4,142	4,142

(i) The Company is guarantor of a loan obtained by Brasinco Incorporações Ltda. In view of such commitment, payments in this amount were made. There is no other amount payable to the financial institution, only the refund of the amounts paid by Brasinco Incorporações Ltda. remaining.

(ii) This refers to a third-party debt that was subrogated by Sugoi to clear a real estate project, which will be later charged to the respective debtor.

(iii) This line refers to advances made for the future acquisition of the company Brasinco.

## 7 Investments

Description	Parent company	
	March 31, 2021	December 31, 2020
Investments in controlled and jointly-controlled companies	136,969	138,337
Provision for unsecured liabilities	(4,094)	(7,492)
Investments (a)	132,875	130,845
Reclassification to liabilities	4,094	7,492
	136,969	138,337

The balance of investments in consolidated refers to interest held in new businesses obtained by means of its controlled company Sugoi LLC Development in a real estate project. The Company does not have control over the mentioned company and its investment is measured according to the equity method.

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#### (a) Changes in investments

Controlled company	Balance as at December 31, 2020	Equity in earnings (losses) of controlled companies	Increase (decrease) in investments	Balance as at March 31, 2021
Vista Cantareira Empreendimentos Imobiliários Ltda	5,926	211	(94)	6,043
Condomínio Varandas Jardim do Lago Ltda	12,338	138	-	12,476
Residencial Monte Serrat SPE Ltda	1,231	353	-	1,584
Haifa Investimentos e Participações Ltda	(12)	(2)	-	(14)
Residencial São Mateus SPE Ltda	53,582	2,745	(666)	55,661
Residencial Colina Francisco Morato SPE Ltda	(374)	(19)	-	(393)
Residencial Bom Retiro SPE Ltda	42,847	439	(1,081)	42,205
Residencial Jacú-Pessegueiro II SPE Ltda.	(215)	-	-	(215)
Residencial Colina Guarapiranga SPE Ltda	(40)	(1)	-	(41)
Residencial Paulínia I SPE Ltda	(25)	-	-	(25)
Residencial Parque do Carmo SPE Ltda	7,532	718	288	8,538
Residencial Idemori SPE Ltda	(547)	(1)	-	(548)
Sugoi Projeto SPE Ltda	(93)	7	-	(86)
Residencial Sports Gardens da Amazônia Ltda	3,505	1,122	135	4,762
Sugoi Inovare Empreendimentos Imobiliários Ltda.				
Residencial Portal do Belo Horizonte SPE Ltda.	(33)	(2)	-	(35)
Residencial Barcelona SPE Ltda.	(1,501)	412	-	(1,089)
Condomínio Varandas Jardim do Lago II SPE Ltda.				
Residencial Isabel Ferrari SPE Ltda.	(11)	(24)	-	(35)
Residencial São Jose SPE Ltda	(19)	(1)	-	(20)
Residencial Jacú-Pessegueiro I SPE Ltda.	(26)	(1)	-	(27)
Sugoi Residencial I SPE Ltda	(11)	(3)	-	(14)
Sugoi Residencial II SPE Ltda	(10)	(1)	-	(11)
Sugoi Residencial III SPE Ltda	(9)	-	-	(9)
Residencial Via Verde SPE Ltda	(1)	-	-	(1)
Sugoi Residencial IV SPE Ltda.	(3)	(1)	-	(4)
Sugoi Residencial V SPE Ltda.	821	518	(106)	1,233
Sugoi Residencial VI SPE Ltda.	(175)	(2)	-	(177)
Sugoi Residencial VII SPE Ltda	(2)	-	-	(2)
Sugoi Residencial VIII SPE Ltda	(3)	(1)	-	(4)
Sugoi Residencial IX SPE Ltda	(21)	(1)	-	(22)
Sugoi Residencial XI SPE Ltda	(15)	(1)	-	(16)
Sugoi Residencial XIII SPE Ltda	(247)	(1)	-	(248)
Sugoi Residencial XIV SPE Ltda	(2)	-	-	(2)
Sugoi Residencial X SPE LTDA	(25)	(1)	-	(26)
Sugoi Residencial XII SPE LTDA	(5)	(1)	-	(6)
Sugoi Residencial XV SPE LTDA	(36)	(1)	-	(37)
Sugoi Residencial XVI SPE LTDA	(11)	(1)	-	(12)
Sugoi Residencial XVII SPE Ltda	(2)	1	-	(1)
Sugoi Residencial XVIII SPE Ltda	(11)	(8)	-	(19)
Sugoi Residencial XIX SPE Ltda	(2)	0	-	(2)
Sugoi Residencial XX SPE Ltda	(12)	1	-	(11)
Sugoi Residencial XXI SPE Ltda	(212)	(2)	-	(214)
Sugoi Residencial XXII SPE Ltda	(2)	1	-	(1)
Sugoi Residencial XXIII SPE Ltda	(2)	1	-	(1)
Sugoi Residencial XXIV SPE Ltda	(2)	-	-	(2)
HTG Infraestrutura e Participação Ltda.	3,389	34	-	3,423
HTG Infraestrutura e Participação Ltda. (Goodwill)				
Sugoi LLC	3,782	178	863	4,467
	<b>130,845</b>	<b>6,113</b>	<b>(661)</b>	<b>132,875</b>

## SUGOI S.A.

### Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated

#### 8 Fixed assets

Description	Depreciation rate	Parent company		Consolidated	
		March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Facilities	10% p.a.	44	44	44	44
Furniture and fixtures	10% p.a.	124	123	125	213
Machinery and equipment	20% p.a.	127	128	187	148
Improvements	20% p.a.	31	27	31	28
Telephone lease	20% p.a.	72,21	72	72	72
Vehicles	20% p.a.	0	-	445	422
Properties	4% p.a.	62	59	282	235
Use rights		2,038	2,038	2,038	2,038
Sales stands (*)		-	-	678	636
		<b>2,499</b>	<b>2,491</b>	<b>3,903</b>	<b>3,836</b>
Accumulated depreciation		(1,521)	(1,420)	(2,220)	(2,117)
		<b>978</b>	<b>1,071</b>	<b>1,683</b>	<b>1,719</b>

(\*) Sales stands - Their depreciation is calculated for the period in which they are expected to be used by the Company until their closing.

## SUGOI S.A.

### Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated

#### (a) Changes in fixed assets

Description	Parent company			Consolidated				
	December 31, 2020	Additions	Write-offs	March 31, 2021	December 31, 2020	Additions	Write-offs	March 31, 2021
Facilities	44	-	-	44	44	-	-	44
Furniture and fixtures	123	1	-	124	213	-	(88)	125
Machinery and equipment	128	-	(1)	127	148	39	-	187
Improvements	27	4	-	31	28	3	-	31
Telephone lease	72	-	-	72	72	-	-	72
Vehicles	-	-	-	-	422	23	-	445
Properties	59	3	-	62	235	47	-	282
Sales stands	-	-	-	-	636	42	-	678
Right of use of property	2,038	-	-	2,038	2,038	-	-	2,038
	2,491	8	(1)	2,499	3,836	154	(88)	3,903
Accumulated depreciation	(1,420)			(1,521)	(2,117)			(2,220)
	<b>1,071</b>	<b>8</b>	<b>(1)</b>	<b>978</b>	<b>1,719</b>	<b>154</b>	<b>(88)</b>	<b>1,683</b>

## SUGOI S.A.

### Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated

#### 9 Related-party transactions

Description	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Noncurrent assets	52,497	46,700	14,025	10,551
Current liabilities	(93,718)	(87,492)	(358)	(794)
	<u>(41,221)</u>	<u>(40,792)</u>	<u>13,667</u>	<u>9,757</u>

Description (Assets)	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Haifa Investimentos e Participações Ltda	24	23	-	-
Dahab Brasil S.A	-	-	223	222
Dahab Participações Ltda	7	7	7	7
Residencial São Mateus SPE Ltda	-	-	1,738	1,701
Residencial Colina Francisco Morato SPE Ltda	1,527	1,461	-	-
Residencial Bom Retiro SPE Ltda	-	-	10,559	8,052
Residencial José Vigna Talhado SPE Ltda	497	479	-	-
Residencial Colina Guarapiranga SPE Ltda	940	907	-	-
Residencial Paulínia I SPE Ltda	140	139	-	-
Residencial Parque do Carmo SPE Ltda	8,766	14,591	-	-
Residencial Idemori SPE Ltda	588	588	-	-
Sugoi Projeto SPE Ltda	92	92	-	-
Residencial Sports Gardens da Amazônia Ltda.	17,805	12,621	-	-
Sugoi N Empreendimentos Imobiliários Ltda.	515	515	-	-
Residencial Portal do Belo Horizonte SPE Ltda	580	580	-	-
Residencial Barcelona SPE Ltda	2,824	2,819	-	-
Condomínio Varandas Jardim do Lago II	2,511	1,239	-	-
Residencial Isabel Ferrari SPE Ltda	257	254	-	-
Residencial São José SPE Ltda.	1,138	802	-	-
Residencial Jacú-Pessego I SPE Ltda.	393	337	-	-
Sugoi Residencial I SPE Ltda	286	261	-	-
Sugoi Residencial II SPE Ltda	447	410	-	-
Sugoi Residencial III SPE Ltda	517	492	-	-
Sugoi Residencial Via Verde SPE Ltda	1	1	-	-
Sugoi Residencial IV SPE Ltda	73	73	-	-
Sugoi Residencial V SPE Ltda	98	-	-	-
Sugoi Residencial VI SPE Ltda	4,858	1,755	-	-
Vercelli Gestão de Negócios Eireli	-	-	-	1
Sugoi Residencial VII SPE Ltda	2	2	-	-
Sugoi Residencial VIII SPE Ltda	809	809	-	-
Sugoi Residencial IX SPE Ltda	2,265	2,142	-	-
Tsuri Acre Ltda	16	16	16	16
Sugoi Residencial XI SPE Ltda	562	546	-	-

## SUGOI S.A.

### Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated

Description (Assets)	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Sugoi Residencial XIII SPE Ltda	2,182	2,075	-	-
Sugoi Residencial XIV SPE Ltda	3	3	-	-
Sugoi Residencial X SPE Ltda	27	26	-	-
Sugoi Residencial XII SPE Ltda	26	26	-	-
Sugoi Residencial XVI SPE Ltda	113	112	-	-
Sugoi Residencial XV SPE Ltda	38	38	-	-
Sugoi Residencial XXIV SPE Ltda	1	1	-	-
Sugoi Residencial XXIII SPE Ltda	12	12	-	-
Sugoi Residencial XXII SPE Ltda	3	1	-	-
Sugoi Residencial XIX SPE Ltda	64	17	-	-
Sugoi Residencial XX SPE Ltda	12	2	-	-
Sugoi Residencial XXI Ltda	224	223	-	-
Sugoi Residencial XVII SPE Ltda	2	2	-	-
Sugoi Residencial XVIII SPE Ltda	322	201	-	-
Thiago de Oliveira Andrade Pazinato	465	-	465	-
Ronaldo Yoshio Akagui	465	-	465	-
Others	-	-	552	552
	<b>52,497</b>	<b>46,700</b>	<b>14,025</b>	<b>10,551</b>

Description (Liabilities)	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Condomínio Varandas Jardim do Lago (fee)	-	-	-	-
Condomínio Varandas Jardim do Lago	11,355	11,376	-	-
Vista Cantareira Empreendimentos Imobiliários Ltda	6,477	6,491	-	-
Residencial Monte Serrat Ltda	310	337	-	-
Residencial São Mateus SPE Ltda	45,620	41,644	-	-
Residencial Guarapiranga SPE Ltda	-	-	-	-
Residencial Bom Retiro SPE Ltda	29,838	27,048	31	31
Residencial Sports Gardens da Amazônia Ltda.	-	-	-	-
Sugoi Residencial V SPE Ltda	1	43	210	210
Dahab Brasil S.A.	117	117	-	-
Montanha Vermelha Participações S.A	-	436	117	117
<b>Total</b>	<b>93,718</b>	<b>87,492</b>	<b>358</b>	<b>794</b>
Current	93,718	87,492	358	794
Noncurrent	-	-	-	-

## SUGOI S.A.

### Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated

The balances of the accounts held with controlled and jointly-controlled companies represent loans transactions through intercompany loans in current account, with no levy of finance charges and no previously defined maturity.

The balances receivable by the parent company refer to funds transferred to its controlled and jointly-controlled companies for real estate development projects in those companies. The liability balances refer to receipts of funds from controlled and jointly-controlled companies, resulting from payments made by the customers for the sale of real estate units.

#### 10 Intercompany account with Silent Partnerships (SCPs)

Description	Parent company		Consolidated	
	March 31, 2020	December 31, 2020	March 31, 2020	December 31, 2020
Intercompany account with Silent Partnerships (SCPs)	1,405	1,405	1,405	1,405
	<b>1,405</b>	<b>1,405</b>	<b>1,405</b>	<b>1,405</b>

The operations involving SCPs are presented on a consolidated basis with the Company's operations. The acquisitions contracted with silent partners are presented in current and noncurrent liabilities according to the expectation of disbursement of the Company, in the caption of Intercompany account with SCPs.

#### 11 Loans and financing

Type	Financial institution	Interest rate and commissions	Parent company		Consolidated	
			March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Working capital	Caixa Econômica Federal – CEF	Up to 9.6 % p.a. + CDI	1,192	1,400	5,451	1,400
Housing Finance System (SFH)	Caixa Econômica Federal – CEF	Up to 11% p.a.	-	-	-	6,304
Machinery and Equipment Financing (FINAME)	Santander	5.54 p.a.	-	-	14,165	11,277
Lease	Banco Daycoval	Up to 22.99% p.a.	8	33	8	33
Bank Credit Note (CCB)	Banco Daycoval	14.02% p.a.	1,493	1,516	1,493	1,516
CCB	Banco ABC	CDI + 6.73% p.a.	10,017	10,111	9,802	10,111
CCB	Banco PINE	CDI + 8.47% p.a.	-	1,513	-	1,513
CCB	Banco PINE	10.43 p.a.	904	4,000	904	4,000
Others	Others	N/A	-	-	2,663	1,081
			<b>13,615</b>	<b>18,573</b>	<b>34,486</b>	<b>37,235</b>
Current			4,289	9,248	14,824	17,573
Noncurrent			9,325	9,325	19,662	19,662

## SUGOI S.A.

### Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated

The balances by maturity year are as follows:

Year	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
2021	4,289	9,248	14,825	17,573
2022	3,904	3,903	9,542	9,541
2023	3,417	3,417	8,116	8,116
2023	2,005	2,005	2,005	2,005
	<u>13,615</u>	<u>18,573</u>	<u>34,487</u>	<u>37,235</u>

The loans have as guarantee the pledge of properties from controlled companies or portfolio of receivables. In turn, the SFH contract has as guarantee the pledge of the land of the financed venture, as well as the financing (related credits) from customers.

As established by the accounting standards in effect, the Company's Management presents the sensitivity analysis of material balances, considering:

- Probable scenario of interest rate variation estimated by Management:
  - Estimated interest rate: 4% per year.
- Possible scenario of interest rate variation, with deterioration of twenty-five percent (25%), in the risk variable considered as probable:
  - Estimated interest rate: Increase to 5% per year.
- Remote scenario of interest rate variation, with deterioration of fifty percent (50%), in the risk variable considered as probable:
  - Estimated interest rate: Increase to 6% per year.

The impacts presented in the chart below refer to total outstanding debt balance.

		Parent company		
Balance	Risk of increase in interest rate	4% p.a.	5% p.a.	6% p.a.
		Probable	Possible	Remote
13,615	Accounting effect (cost/expense)	536	670	804

  

		Consolidated		
Balance	Risk of increase in interest rate	4% p.a.	5% p.a.	6% p.a.
		Probable	Possible	Remote
34,486	Accounting effect (cost/expense)	1,371	1,714	2,056



## SUGOI S.A.

### Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated

#### 12 Trade accounts payable

Maturity	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Overdue	-	49	2,243	2,872
Falling due in up to 30 days	495	142	13,686	11,530
Falling due between 31 and 60 days	81	-	1,033	1,312
Falling due between 61 and 90 days	35	-	156	574
Falling due between 91 and 120 days	49	-	180	103
Falling due between 121 and 180 days	70	-	156	201
Falling due after 180 days	418	-	2,317	37
Total falling due	1,148	142	17,528	13,757
Total	1,148	191	19,771	16,629

#### 13 Labor and tax liabilities

Description	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Tax liabilities	501	501	503	503
Labor liabilities	319	346	611	585
Taxes withheld at source	11	22	374	781
Special Tax Regime (RET) - Current	-	-	1,684	2,801
RET - Deferred	-	-	2,149	1,247
	831	869	5,321	5,917
Current	831	869	3,172	4,670
Noncurrent	-	-	2,150	1,247

## SUGOI S.A.

### Notes to the quarterly information

As at March 31, 2021, and December 31, 2020

In thousands of Brazilian reais, unless otherwise stated

#### 14 Accounts payable

Description	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Acquisition of ownership interest (i)	179	1,680	180	1,680
Commission on plots of land	-	-	500	500
Contingencies (Civil/Labor)	-	-	169	-
Contract cancellations payable	-	-	133	497
Rents payable	1,250	1,359	1,250	1,359
Others	965	994	965	994
	<u>2,393</u>	<u>4,033</u>	<u>3,197</u>	<u>5,030</u>
Current	<u>2,393</u>	<u>4,033</u>	<u>2,697</u>	<u>4,530</u>
Noncurrent	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>

(i) This value consists of: R\$ 2,000 referring to the acquisition of the company Residencial Parque do Carmo SPE Ltda. (R\$ 3,967 as at December 31, 2020) which will be paid by means of promissory notes.

#### 15 Advances from customers and others

Description	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Advances from customers - real estate developments	-	-	13,220	9,463
Advances from customers - bartered units	-	-	11,650	10,841
Creditors from acquired properties	1,042	1,042	114,035	118,445
Barbers (*)	5,435	5,435	78,531	78,530
Others	-	-	1,660	2,283
	<u>6,477</u>	<u>6,477</u>	<u>219,096</u>	<u>219,562</u>
Current	<u>6,477</u>	<u>6,477</u>	<u>76,331</u>	<u>67,209</u>
Noncurrent	<u>-</u>	<u>-</u>	<u>142,765</u>	<u>152,353</u>

## SUGOI S.A.

### Notes to the quarterly information

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(\*) In certain land acquisition transactions, the Company conducted the barter with units to build. These barter transactions were recorded at fair value as land bank for development against advances from customers, considering the lump sum amount of real estate units given as dation in payment, and those barter transactions are recognized in the statement of operations, considering the same assumptions used for the recognition of sales of real estate units.

#### 16 Debentures

Type	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Debentures	-	32,897	-	32,897
(-) Amortization	-	(32,547)	-	(32,547)
Interest on debentures	-	6,951	-	6,951
	-	7,301	-	7,301
<b>Current</b>	-	<b>7,301</b>	-	<b>7,301</b>

On April 04, 2017, the Company obtained approval for its first program for the public issue of simple, nonconvertible debentures, in a single series, with secured guarantee, in the amount of R\$ 17,397, representing 17,397 debentures with par value of R\$ 1.00 each.

The debentures are adjusted by the Broad National Consumer Price Index (IPCA), plus interest of 9.15% per year on par value, calculated on a pro rata basis by business days, with monthly payments beginning in May 2019 and maturing on September 2022.

The debentures will be collateralized by plots of land of controlled company and rights to interest held in capital stock of controlled company.

The Company and its controlled companies have covenants in the debenture contract that restrict the ability to make certain decisions and may require the early maturity or the execution of collaterals if the Company does not comply with such covenants.

On November 07, 2019, the Company obtained approval for its second program for the public issue of simple, nonconvertible debentures, in a single series, with secured guarantee, in the amount of R\$ 15,500, representing 15,500,000 debentures with par value of R\$ 1.00 each.

The debentures are adjusted by 100% of the CDI + 7.5% per year on par value, calculated on a pro rata basis by working days, with monthly payments starting in March 2020 and maturing in January 2022.

The debentures will be collateralized by plots of land of controlled company and rights to interest held in capital stock of controlled company.

## SUGOI S.A.

### Notes to the quarterly information

As at March 31, 2021, and December 31, 2020

In thousands of Brazilian reais, unless otherwise stated

The Company and its controlled companies have covenants in the debenture contract that restrict the ability to make certain decisions and may require the early maturity or the execution of collaterals if the Company does not comply with such covenants.

As at December 31, 2020, the Company is in compliance with all contractual obligations related to its debentures, including the ones related to financial indicators.

#### 17 Real Estate Receivables Certificates (CRI)

Type	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Real Estate Receivables Certificates (CRI)	35,000	35,000	35,000	35,000
(-) Amortization	(735)	-	(735)	-
Unrecognized charges	(848)	(848)	(848)	(848)
Interest on CRI	826	84	826	84
	<b>34,243</b>	<b>34,236</b>	<b>34,243</b>	<b>34,236</b>
<b>Current</b>	<b>7,465</b>	<b>7,458</b>	<b>7,465</b>	<b>7,458</b>
<b>Noncurrent</b>	<b>26,778</b>	<b>26,778</b>	<b>26,778</b>	<b>26,778</b>

As approved in the Extraordinary General Meeting held on November 30, 2020, the Company decided on the terms and conditions of its 3<sup>rd</sup> issue of simple, nonconvertible debentures, in a single series, with liens, secured and private guarantees, in the amount of R\$ 35,000,000 occurred on December 01, 2020 (issue date). They are thirty-five thousand (35,000) debentures with nominal unit value of one thousand Brazilian Reals, on the issue date.

The CRIs are adjusted at the CDI plus annual interest of 7% on the nominal value, calculated on a business day pro rata basis, with monthly payments as from May 2021 and maturing in November 2024.

The Company and its controlled companies have covenants in the debenture contract that restrict the ability to make certain decisions and may require the early maturity or the execution of collaterals if the Company does not comply with such covenants. All covenants are being complied with in accordance with the base dates presented.

As established by the accounting standards in effect, the Company's Management presents the sensitivity analysis of material balances, considering:

- Probable scenario of interest rate variation estimated by Management:
  - Estimated interest rate: 4% per year.
- Possible scenario of interest rate variation, with deterioration of twenty-five percent (25%), in the risk variable considered as probable:
  - Estimated interest rate: Increase to 5% per year.
- Remote scenario of interest rate variation, with deterioration of fifty percent (50%), in the risk variable considered as probable:

## SUGOI S.A.

### Notes to the quarterly information

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- Estimated interest rate: Increase to 6% per year.

The impacts presented in the table below refer to the total debt balance in both the parent company and consolidated.

#### 18 Provisions

Description	Consolidated	
	March 31, 2021	December 31, 2020
Provision for guarantee (i)		2,753
	3,250	
Provision for contingencies (ii)	243	1,617
	<b>3,493</b>	<b>4,370</b>

- (i) Provision for warranty – It is recognized during the venture construction period to cover the estimated cost to be incurred during the period of five years after completion of the project.
- (ii) In the ordinary course of conducting its business, the Company is involved in labor, civil and tax proceedings. Management, relying on its legal counsel's opinion or that of other specialists, when applicable, evaluates the possible outcome of ongoing lawsuits, and the need of setting up provisions for contingencies arising from them. The provision recognized in Consolidated amounting to R\$ 3,250 (R\$ 1,617 as at December 31, 2020) refers to civil and labor proceedings in progress, whose likelihood of loss is considered probable by the Company's legal counselors. In addition to the referred amount, R\$ 0 for the Parent company and R\$ 6,628 for the Consolidated (R\$ 6,017 as at December 31, 2020) were not computed also due to labor and civil lawsuits, assessed by the Company's legal counselors as possible loss, which is the reason why Management did not record this amount in the interim financial information.

#### 19 Equity

##### (a) Capital

Capital consists of one million (1,000,000) shares, fully paid-in, and distributed as follows:

	March 31, 2021	December 31, 2020
Number of shares		
Ronaldo Yoshio Akagui	500,000	500,000
Thiago de Oliveira Andrade Pazinatto	500,000	500,000
	<b>1,000,000</b>	<b>1,000,000</b>

## SUGOI S.A.

### Notes to the quarterly information

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In thousands of Brazilian reais, unless otherwise stated

Pursuant to the 7th amendment to the articles of organization entered into on February 03, 2016, Sugoi changed its legal classification and corporate name and became a corporation, governed by Law No. 6.404, of December 15, 1976 (“Brazilian Corporate Law”).

According to the minutes of the General Meeting held on November 24, 2016, Kibutz Participações Ltda. transfers its common registered shares to Kibutz Administração e Participações S.A.

The Company structured the CVM category A registration granted on July 19, 2016, and is currently registered under code “CVM 23957”.

In accordance with the corporate restructuring conducted by the Company on November 29, 2020, “relevant fact”, Kibutz Administração e Participações S.A. is no longer the operating holding of Sugoi S.A. and the control was transferred to the direct shareholders. Such acts are still under process of registry with the division of corporations until the present date.

#### (b) Income

In accordance with the articles of organization, profit calculated at the end of each year can be distributed, retained (fully or partially) or capitalized, as determined by all shareholders. There is no established minimum amount to be distributed.

#### (c) Earnings (losses) per share

The table below shows the consolidated income (loss) and the calculation of basic and diluted earnings (losses) per share:

	March 31, 2021	December 31, 2020
Earnings/(losses), net of income (loss) (in Brazilian Reais)	(1,849,773)	6,529,000
Number of shares	1,000,000	1,000,000
	<u>(1,850)</u>	<u>6,529</u>

Basic earnings (losses) per share are calculated by dividing income (loss) attributable to the Company’s controlling shareholders by the weighted average number of common shares outstanding during the period, as established by NBC TG 41 (R2) (CVM Resolution No. 636/10) – Earnings per share.

Diluted earnings (losses) per share are calculated by adjusting the weighted average number of outstanding common shares to assume the conversion of all potential diluted common shares.

There is no difference between basic earnings (losses) per share and diluted earnings (losses) since there are no potential common shares which could be issued in the future and converted. As mentioned in Note 17, the issued debentures are not convertible into shares.

#### (d) Cumulative translation adjustment

The Company recognizes in this line item the effect of foreign exchange differences on the investment in foreign controlled company (Sugoi Development USA, LLC), whose functional currency is the currency to which a foreign operation is subject. The cumulative effect, recognized in a specific line in equity and in the statement of comprehensive income (loss), will be transferred to income for the year as a gain or loss only upon the disposal or write-off of the investment.

## SUGOI S.A.

### Notes to the quarterly information

As at March 31, 2021, and December 31, 2020

In thousands of Brazilian reais, unless otherwise stated

#### 20 Net revenues and gross profit

The reconciliation between gross and net operating revenues is as follows:

Description	Consolidated	
	March 31, 2021	March 31, 2020
Revenue from properties	48,477	35,718
Cancelled sales	(508)	(228)
Gross operating revenue	47,416	35,490
Taxes levied	(1,968)	(1,353)
Net operating revenue	45,448	34,137
Costs relating to land, development and construction	(31,682)	(20,593)
Gross profit	13,766	13,544
Gross margin percentage - %	30.03%	39.7%

#### 21 Expenses by nature

Description	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Selling expenses</b>				
Commissions	-	-	(2,520)	(808)
Advising and consulting	(473)	(27)	(474)	(92)
Advertising and publicity	(950)	(4)	(3,191)	(633)
Expenses on sales stands and show apartments	-	-	(335)	(163)
Rent expenses	-	-	145	(123)
Insurance	(14)	-	(25)	-
Other selling expenses	(12)	(14)	(2)	(164)
	(1,449)	(45)	(6,403)	(1,983)
<b>General and administrative expenses</b>				
Advising and consulting	(952)	(1,091)	(1,623)	(1,369)
Personnel expenses	(1,381)	(921)	(1,473)	(927)
Rent expenses	(294)	(69)	(294)	(92)
Expenses on office materials	(174)	(116)	(508)	(169)
Depreciation	(10)	(109)	(11)	(110)
Expenses on notary's office and registry	(21)	(4)	(36)	(95)
Insurance	-	-	(139)	-
Allowance for doubtful account	(741)	-	(741)	-
Other administrative expenses	(556)	(233)	(904)	(648)
	(4,129)	(2,543)	(5,730)	(3,410)

## SUGOI S.A.

### Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated

#### 22. Net financial income (loss)

	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Financial expenses</b>				
Discounts granted	-	-	(18)	(13)
Interest losses	(1,674)	(1,155)	(2,240)	(1,172)
Late payment fine	(1)	-	(187)	(3)
Bank fees	(75)	(17)	(276)	(197)
	<b>(1,750)</b>	<b>(1,172)</b>	<b>(2,720)</b>	<b>(1,385)</b>
<b>Financial revenue</b>				
Discounts obtained			14	18
Interest on financial investments	19	38	29	92
	<b>19</b>	<b>38</b>	<b>43</b>	<b>110</b>
	<b>(1,730)</b>	<b>(1,134)</b>	<b>(2,677)</b>	<b>(1,275)</b>

#### 23 Real estate projects under development

Description	March 31, 2021	March 31, 2020
Unrecognized contracted sales (Note 4)	157,642	182,538
Contributions on sales	(6,306)	(7,302)
	<u>151,336</u>	<u>175,236</u>
Cost to incur of units sold	(107,706)	(130,636)
	<u>43,630</u>	<u>44,600</u>
Percentage of unrecognized gross margin	<u>28.8%</u>	<u>25.5%</u>

(a) The table below shows the appropriated income of the project under construction.

Description	March 31, 2021	March 31, 2020
Recognized revenue	420,939	223,394
Contributions on revenues	(16,838)	(8,936)
	<u>404,101</u>	<u>214,458</u>
Appropriated cost	(266,195)	(152,795)
Gross profit	<u>137,906</u>	<u>61,663</u>
Recognized gross margin - %	<u>34.13%</u>	<u>28.75%</u>



## SUGOI S.A.

### Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated

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(b) The table below shows the total budgeted cost to be incurred in the project.

Description	March 31, 2021	March 31, 2020
Sold units under construction	107,706	130,636
Not sold units under construction	34,559	52,766
Budgeted cost to be incurred	142,265	183,402
Inventory - Real estate under construction	23,491	55,688
Total cost to be recognized in the future	165,756	239,090

## 23 Insurance

The Company has insurance at amounts considered sufficient by Management to cover eventual risks on its assets and/or liabilities.

The work scope of the auditors does not include an opinion on the sufficiency of insurance coverage.

## 24 Risk and financial instrument management

### (a) Risk management

The Company has transactions with financial instruments. These instruments are managed through operational strategies and internal controls, aiming to ensure liquidity, profitability, and security. The engagement of financial instruments for hedging purposes is made by means of periodical analysis of the exposure to the risk intended to be hedged by Management. The control policy consists of permanently crosschecking agreed conditions against market conditions in effect. The Company does not invest in derivatives or any other risk financial instruments for speculation purposes.

The amounts of asset and liability financial instruments included in the individual and consolidated quarterly information were determined according to the criteria and accounting practices disclosed in specific notes.

The Company is exposed to the following risks resulting from the use of financial instruments:

#### Credit risk

Credit risk results from the possibility of the Company incurring losses arising from the default of their customers. In order to reduce these risks, the Company analyzes the financial and equity position of its customers, therefore managing the credit risk by means of program for credit granting and qualification.

#### Interest rate risk

Interest rate risk relates to the possibility of the Company reporting gains or losses on fluctuations in interest rates on its financial assets and liabilities. To mitigate such risks, the Company has contracts which ballast the financial assets and liabilities, through fixed rates.

## **SUGOI S.A.**

### **Notes to the quarterly information**

**As at March 31, 2021, and December 31, 2020**

**In thousands of Brazilian reais, unless otherwise stated**

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#### **Market risk**

Market risk results from the possibility of fluctuations in the market prices of the raw materials and inputs used in the construction process of real estate units. These price fluctuations may cause significant changes in the costs of the Company's inventories. To mitigate these risks, the Company manages the buffer stocks of these raw materials and inputs.

#### **Liquidity risk**

Liquidity risk results from the possibility of reduction in funds intended to pay debts. Management monitors the continual projections of liquidity requirements of the Company to guarantee that it has sufficient cash to meet its operating needs.

Additionally, the Company has balances of financial investments that can be redeemed at any time to cover possible mismatches between the maturity of its contractual obligations and its cash generation.

#### **Operational risk**

Operational risk is the risk of direct or indirect losses due to a range of causes connected with the Company's proceedings, personnel, technology, infrastructure and external factors, except credit, market and liquidity risks, as those resulting from statutory and regulatory requirements and generally accepted business standards. Operational risks arise from all the Company's transactions.

The Company's purpose is to manage its operational risk to avoid financial losses and negative effects on its reputation, seeking cost cuts to avoid control procedures that curb initiative and creativity.

Top management has the main responsibility for developing and implementing controls to address operating risks. This responsibility is supported by the development of general standards for managing operating risks in the following areas:

- Requirements for an adequate segregation of duties, including independent authorization for operations;
- Requirements for reconciling and monitoring transactions;
- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for periodically assessing operating risks and the adequacy of controls and procedures applied to tackle identified risks;
- Requirements to report operating losses and proposed corrective actions;
- Development of contingency plans;
- Professional training and development;
- Ethical and business standards;
- Mitigation of risk, including insurance, when efficient.

#### **(b) Financial instruments**

For disclosure purposes, the fair values of the financial assets and liabilities, together with their carrying amounts, are presented in the statement of financial position in the line items of cash and cash equivalents, financial investments, accounts receivable and other accounts receivable, trade accounts payable, other accounts payable, loans and financing, and related-party transactions.

## **SUGOI S.A.**

### **Notes to the quarterly information As at March 31, 2021, and December 31, 2020 In thousands of Brazilian reais, unless otherwise stated**

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#### **(c) Capital management**

The Company manages its capital with the objective of safeguarding the continuity of return to its shareholders and benefiting other stakeholders, in addition to maintaining an ideal capital structure to invest in its growth.

#### **(d) Derivative financial instruments**

The Company does not conduct transactions with derivatives for the purpose of reducing or eliminating risks inherent to its operations.

## **25 Pandemic – Covid-19 – Coronavirus**

The Company has adopted measures to mitigate the transmission of the virus at each work point, whether at construction sites, points of sale or its head office. The Company adopted practices of hygiene with greater frequency, daily audit of controls, flexibility in working hours and adoption of the remote work regime, meeting the guidelines of the World Health Organization (WHO) and Health Surveillance seeking to preserve the physical and psychological health of its employees, including dismissal from work for all individuals over 60 years of age.

The operations continue on the construction sites, still with immaterial impacts, and the Company believes that, in this sense, there should be no significant interference in the execution of the projects. However, eventual external restrictions, such as public transportation of employees, supply of inputs and raw materials essential for the continuity of the work, may have a significant impact, a possibility that cannot be considered and measured at this time.

The Company redirected sales force to serve our client at a distance, expanding the online dissemination of the projects, through applications and social networks and maintains daily contact with the Top Management to monitor of the scenario and prompt decision making.

Regarding the Company's operational/financial measures due to the pandemic, we point out the following:

Negotiation with suppliers and business partners, and registration with government incentive packages to preserve cash and to increase in the Company's liquidity index.

Adjustment of projects under development considering launches intended in the period and improving the Company's exposure to cash in the year.

Alignment with customers to reinforce our commitment and safety related to installment renegotiation programs, among others.

Until this moment, there are no additional significant measures effective for the period ended March 31, 2021.

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